

Message Text

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44

ACTION EUR-12

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 3058

INFO USDOC WASHDC

AMEMBASSY MEXICO

C O N F I D E N T I A L MOSCOW 11082

E. O. 11652: GDS

TAGS: ENRG, EEWT, UR, MX

SUBJ: POSSIBLE SOVIET-ALLIS-CHALMERS COOPERATION ON
MEXICAN HYDROELECTRIC PROJECT

USDOC FOR BEWT AND BIC

REF: A. MOSCOW 9285

B. MEXICO 5149

C. STATE 147700

D. MOSCOW 8885

1. FOUR-MAN TEAM FROM ALLIS-CHALMERS ASSISTED BY LAWYER FROM
SAM PISAR'S PARIS OFFICE DEPARTED MOSCOW AUGUST 6 FOLLOWING
TWO DAYS OF DISCUSSIONS WITH SOVIET FOREIGN TRADE ORGANIZATION
ENERGY AND EXPORTON POSSIBILITY OF JOINT BID ON MEXICO'S
CHICOASEN HYDROPOWER PROJECT. REFLECTING FAVORABLE SOVIET
EVALUATION OF PREVIOUS ROUND OF TALKS (REF A), LEVEL OF SOVIET
PARTICIPATION IN LATEST DISCUSSIONS WAS MUCH HIGHER, WITH
ENERGOMASHEXPRESIDENT ZARUBKIN LEADING SOVIET SIDE.
DISCUSSIONS CONCLUDED WITH SIGNING OF "PROTOCOL" WHICH COMMITS
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NEITHER SIDE TO JOINT BID BUT STATES VIEW OF BOTH SIDES THAT

UNDER CERTAIN CONDITIONS SUBMISSION OF JOINT BID WOULD BE DESIRABLE. A-C REPS ASKED THAT EXISTENCE OF THIS "PROTOCOL" AND FACT THAT A-C AND SOVIETS APPARENTLY NEAR AGREEMENT ON JOINT BID BE CLOSELY HELD.

2. DURING AUGUST 5 DISCUSSION WITH COMMATT, A-C REPS NOTED THAT MAJOR CONSIDERATION PUSHING SOVIETS TOWARD JOINT BID IS THEIR FEAR THAT THEY WILL BE UNABLE TO MEET TIME SCHEDULE FOR EQUIPMENT DELIVERIES ESTABLISHED BY MEXICAN ELECTRICITY PRODUCTION AUTHORITY AND WILL THUS LOSE ENTIRE JOB IF THEY PRESENT SEPARATE BID. SOVIET CONCERN APPARENTLY REFLECTS FACT THAT THEIR DELIVERY LEAD-TIMES FOR TURBINES ARE VERY LONG; SITUATION IN CASE OF GENERATORS IS APPARENTLY BETTER, THUS GIVING SOVIETS HOPE OF SECURING PART OF BUSINESS IF THEY WENT IN WITH A-C, WHICH WOULD SUPPLY TURBINES. NOT SURPRISINGLY, SOVIETS ATTEMPTED TO OBTAIN BEST OF BOTH WORLDS, PROPOSING THAT THEY PREPARE AND SUBMIT BOTH JOINT BID WITH A-C AND SECOND BID INVOLVING ONLY SOVIET EQUIPMENT. A-C REPS TOLD SOVIETS THAT IF SOVIETS SUBMITTED BID INVOLVING ONLY SOVIET EQUIPMENT, THERE WOULD BE NO JOINT BID.

3. ONE INTERESTING DEVELOPMENT DURING LATEST ROUND OF TALKS WAS SOVIET SUGGESTION THAT A-C REPRESENTATIVES BE PRESENT DURING UPCOMING NEGOTIATIONS IN MOSCOW BETWEEN SOVIETS AND MEXICAN ELECTRICITY AUTHORITY CHIEF FARREL. ACCORDING TO SOVIETS, FARREL HAS NOT YET VISITED MOSCOW BUT HAD BEEN INVITED TO COME DURING LATTER PART OF AUGUST. A-C ACCEPTED INVITATION TO TAKE PART IN THESE TALKS.

4. A-C REPS ALSO ADVISED THAT SOVIETS, AND ENERGOMASHEXPORT, ARE IN VERY DIFFICULT POSITION IN CANADA DUE TO DELAYS IN DELIVERIES OF EQUIPMENT FOR HYDROELECTRIC PROJECTS. IN ONE CANADIAN PROVINCE, SOVIETS ARE REPORTEDLY BEING SUED BY LOCAL ELECTRICITY BOARD, AND SIMILAR ACTIONS ARE BEING PLANNED BY TWO OTHER PROVINCIAL ELECTRICITY BOARDS. THIS REPORT, IF CORRECT, MAY EXPLAIN WHY SOVIETS HAVE SEEMED SO RECEPTIVE TO A-C JOINT BID PROPOSAL FOR CHICOASEN PROJECT.
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